



UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In re NORTEL NETWORKS CORP.
SECURITIES LITIGATION

This Document Relates To:

ALL ACTIONS

Civil Action No. 01-CV-1855 (RMB) 9/3/2008

MEMO ENDORSED

CLASS ACTION

~~PROPOSED~~ **ORDER APPROVING DISTRIBUTION OF CLASS SETTLEMENT
PROCEEDS TO CERTAIN PREVIOUSLY DISPUTED OR LATE CLAIMANTS**

RMB

WHEREAS, on December 26, 2006, this Court entered a “Decision and Order Approving Nortel I Settlement” approving the terms of the Stipulation and Agreement of Settlement (Nortel I) dated June 20, 2006 (the “Stipulation”), and the proposed plan of allocation to Nortel Class Members (the “Plan of Allocation”) in connection with the settlement of this action and certain related cases in the United States and Canada;

WHEREAS, on January 29, 2007, this Court entered an Order and Final Judgment granting final approval to the terms of the Stipulation and the Plan of Allocation and directing the parties to consummate the Settlement;

WHEREAS, the Ontario Superior Court of Justice, the Superior Court of Québec, and the Supreme Court of British Columbia have each entered Orders approving the Stipulation, which Orders have become Final and are no longer subject to appeal;

WHEREAS, on March 11, 2008, this Court entered an Order Directing Distribution to Class Forthwith (the “March 11 Order”) which directed distribution of all the Net Settlement Shares and 90% of the Net Cash Settlement Fund to the Accepted Claimants forthwith in accordance with the administrative determinations of the Claims Administrator, The Garden City

Group, Inc. (“GCG”); and that after such distribution any subsequent payments and/or distributions shall be payable solely from any cash remaining in the Net Cash Settlement Fund;

WHEREAS, the Ontario Superior Court of Justice, the Superior Court of Québec, and the Supreme Court of British Columbia each entered Orders approving the Distribution contemplated by the March 11 Order;

WHEREAS, on May 8, 2008, GCG mailed checks to the Accepted Claimants, and on May 9, 2008 Nortel’s transfer ^{agent} commenced issuing the Net Settlement Shares to the Accepted Claimants, and to Plaintiff’s Counsel; RMB

WHEREAS, pursuant to the March 11 Order, Lead Plaintiff’s Counsel and GCG made efforts to finally resolve the Disputed Claims, and, as reported to the Court on July 24, 2008, as of that date all of the Disputed Claims, save one, were resolved, with 142 of the previously Disputed Claims being cured or found to be acceptable (the “Cured Disputed Claims”) with a total Recognized Claim of \$669,496.57 and entitle to a total payout of \$75,494.77 (including \$28,630.01 in cash-in-lieu-of Settlement Shares valued at \$8.0823 per share¹), the remaining Disputed Claims having been provided with a fulsome letter describing and explaining the reasons why their particular claims had been rejected, and if appropriate providing them with another opportunity to cure any defects in their claim or to request a further review by the Court; only one Disputed Claim, the claim of VantagePoint Venture Partners 1996, has sought any further review by the Court and that claim is being considered separately; and

¹ Calculated as an amount of cash equal to the value of such shares using the volume-weighted average price of Nortel’s common stock, as reported on the New York Stock Exchange, for the period starting on the first trading day after May 9, 2008, when Nortel’s transfer agent commences physical delivery of Net Settlement Shares to Accepted Claimants, and ending ten (10) trading days thereafter.

WHEREAS, as reported to the Court on July 24, 2008, as of that date an additional 101 newly submitted (i.e. late) Proofs of Claim had been received by the Claims Administrator after December 5, 2007 which are otherwise acceptable and represent a Total Recognized Claim amount of \$6,750,715.98 and would be entitled to a total payout of \$761,234.31 (including \$288,684.19 in cash-in-lieu-of Settlement Shares) but were barred from acceptance under the March 11 Order which provided that “except as may be provided herein, no Proof of Claim initially submitted by any Class Member after December 5, 2007 may be accepted.” One of the claimants whose claim was received after December 5, 2007, Shapoor Ansari, MD, as trustee of his pension plan, appeared at the July 24, 2008 conference to urge acceptance of the late claims and to seek the Court’s allowance of his claim based on his particular circumstances, Lead Plaintiff did not object to the acceptance of these late claims, and the Court indicated that such claims should be accepted although providing that there must be a final deadline at this point.

NOW, THEREFORE, subject to the issuance of concurring orders by each of the applicable Canadian Courts with respect to Canadian Class Members, and upon all prior proceedings herein and after due deliberation, it is hereby

ORDERED, that the Cured Disputed Claims are approved and shall be paid in cash the equivalent amount of their Recognized Claims that has been paid to the Accepted Claimants pursuant to the March 11 Order, provided that for each Settlement Share that would have been awarded had such Claim been paid previously, the Claimant shall be paid \$8.0823 in cash;

ORDERED, that the 101 otherwise acceptable but late claims submitted from December 5, 2007 through July 24, 2008 (as well as any other such claims as determined by Lead Plaintiff’s Counsel and GCG provided they were received by GCG on or before July 24, 2008) are approved and shall be paid in cash the equivalent amount of their Recognized Claims that has

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been paid to the Accepted Claimants pursuant to the March 11 Order, provided that for each Settlement Share that would have been awarded had such Claim been paid previously, the Claimant shall be paid \$8.0823 in cash;

ORDERED, that cash distributions that are addressed to Canadian addresses shall be issued ^{Forthwith} in Canadian dollars, and all other cash distributions will be issued in U.S. dollars, and GCG is authorized to convert sufficient U.S. dollars in the Net Cash Settlement Fund to Canadian dollars to make the Canadian dollar payments, and the cash distributions made to Canadian addresses shall be based upon the exchange rate received by GCG upon such conversion;

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ORDERED, that jurisdiction is retained by the Court to consider any further appropriate applications concerning claims that are submitted to GCG asserting that the payment provided in the initial distribution was incorrect, or relating to payments to GCG or Lead Plaintiffs Counsel or the administration of the Settlement; and it is further

ORDERED, that, except as may be provided herein, no Proof of Claim initially submitted by any Class Member after July 24, 2008 may be accepted.

Dated: New York, New York
9/2, 2008

RMB

RICHARD M. BERMAN, U.S.D.J.